

The New York Times

Prosecutors Are Contemplating More Arrests in \$80 Million Art Fraud Case

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Published: August 19, 2013

More arrests are expected in the investigation into one of the most audacious art frauds in recent memory, a federal prosecutor handling the case against an obscure art dealer charged in the case told a judge on Monday. The prosecutor and the dealer's lawyer also said they expected the case to be resolved soon. The disclosures came at the arraignment of the dealer, Glafira Rosales, in United States District Court in Manhattan.



Glafira Rosales

Ms. Rosales was arrested in May on money laundering and tax charges in connection with the scheme, which spanned 15 years and included the sale for more than \$80 million of dozens of works said to have been by Modernist masters. The case has fixated many in the art world because experts believed that the works were authentic, when, the authorities say, they were created by a single painter in Queens, working from his home.

On Monday, Ms. Rosales was arraigned before Judge Katherine P. Failla on new charges, contained in a superseding indictment handed up by a grand jury last week. She pleaded not guilty during the five-minute proceeding. After Ms. Rosales entered her plea, Judge Failla asked the prosecutor, Jason P. Hernandez, an assistant United States attorney, if he was contemplating additional arrests in the case.

"Yes," he said, without elaborating.

Ms. Rosales's boyfriend, described in the indictment as her co-conspirator, has not been charged, and his whereabouts was unknown.

Mr. Hernandez also said he expected that the case against Ms. Rosales, which was the result of a lengthy F.B.I. investigation, will be resolved in the coming weeks, possibly as early as the end of the month. While the planned disposition of the case was not discussed, the implication was that Ms. Rosales was expected to plead guilty.

A quick resolution of the case, along with the expectation of additional arrests, suggests that Ms. Rosales may have begun cooperating with the Federal Bureau of Investigation and prosecutors sometime after her arrest in May.

Prosecutors argued then that she posed "a substantial flight risk" and that no bail conditions could assure her return to court, convincing a judge to detain her without bail. But last week, after the new indictment was handed up, the prosecutors did not oppose her release on a \$2.5 million bond.

Julie Bolcer, a spokeswoman for the office of Preet Bharara, the United States attorney in Manhattan, and an F.B.I. spokesman, James M. Margolin, declined to comment. Ms. Rosales's lawyer, Steven R. Kartagener, has refused to characterize his discussions with the prosecutors on the case, Mr. Hernandez and Daniel W. Levy.



The new indictment issued last week revealed for the first time that all of the 63 fake art works at the heart of what prosecutors have described as a sweeping fraud scheme were created by a single artist, though they were sold as the works of Willem de Kooning, Jackson Pollock, Mark Rothko, Robert Motherwell and others.

People briefed on the matter said the actual painter was Pei-Shen Qian, a struggling 73-year-old Chinese artist who came to the United States in 1981.

The F.B.I. searched his house in Woodside last week, according to neighbors, who said that Mr. Qian, who has not been charged with a crime, had left for China.

The indictment and other court papers said the painter was discovered selling his own art on the streets of Lower Manhattan in the early 1990s by Ms. Rosales's boyfriend and business partner, an art dealer named Jose Carlos Bergantiños Diaz, who recruited him to make paintings in the style of celebrated Modernists. The indictment does not name Mr. Bergantiños Diaz, but his identity was confirmed by other court records.